

RECEIVED

DEC 14 2010

HOBSOCD

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-005-01097

5. Indicate Type of Lease

STATE ☒ FEE ☐

6. State Oil & Gas Lease No.

7. Lease Name or Unit Agreement Name

West Cap Queen Sand Unit

8. Well Number 5

9. OGRID Number

247128

10. Pool name or Wildcat

Caprock; Queen

SUNDRY NOTICES AND REPORTS ON WELLS

(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other ☐

2. Name of Operator

Celero Energy II, LP

3. Address of Operator 400 W. Illinois, Ste. 1601
Midland, TX 79701

4. Well Location

Unit Letter I : 1980 feet from the S line and 660 feet from the E line
Section 17 Township 14S Range 31E NMPM County Chaves

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A ☐
CASING/CEMENT JOB ☐OTHER: ☐OTHER: Converted to injector ☒

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

11/18/10 - MIRU. POOH w/production equipment.

11/19/10 - Ran BHP. Ran gauge to 2,762', GL. BHP = 47 psi, BHT = 87.94, estimated fluid level = 2650+/-'. TIH w/ tbg, 5 1/2" csg scraper & 4 3/4" bit. Ran to 2,772'. TOH. Start in hole w/ tbg & 5 1/2" OD pkr to test csg. Unable to go below 176'. Set pkr @ 175' & tested csg from surface to 175', held 400# okay. Re-ran 4 3/4" bit w/ 5 1/2" csg scraper. Ran to 310' & did not feel any obstruction. Ran gamma ray/collar log from 2,200' to 2,772'. Ran & set 5 1/2" 10K composite bridge plug @ 2,750'. Attempt to re-run tbg w/ 5 1/2" pkr. Ran to 178' & would not go deeper. Load 5 1/2" csg, taking 61 BPW. Close BOP & attempt to pressure 5 1/2" csg from surface to 2,750'. Established an injection rate of 1 bpm @ 100#. CWI.

11/22/10 - Ran 2 jts of 2 3/8" OD tbg w/ 3 3/8" bit, 1 jt 4 3/4" tapered string mill on tbg to 310'. Did not feel any obstruction in 5 1/2" csg. TOH & LD mill. TIH w/ tbg & 5 1/2" OD Model AD-1 tension pkr w/ 2 jts of tail pipe. Ran pkr to 276'. Test 5 1/2" csg from 276' to 2,750', held 450# okay. Locate holes in 5 1/2" csg from 175' to 276'. Established injection rate of 1 bpm & 200#. SD pressure = 0#. TOH w/ pkr. TIH w/ tbg & pkr. Set pkr @ 63'.

*Continued on attached page

Spud Date:

Rig Release Date:

WFY-872

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE

Lisa Hunt

TITLE Regulatory Analyst

DATE 12/13/2010

Type or print name Lisa Hunt

E-mail address: lhunt@celeroenergy.com

PHONE: (432)686-1883

For State Use Only

APPROVED BY:

E. Gonzalez

TITLE

STAFF MGR

DATE 12-15-10

Conditions of Approval (if any):

West Cap Queen Sand Unit #5 – C103 continued

11/23/10 - Pump 5 BFW through pkr @ 64' & holes in 5 1/2" csg from 175' to 270' @ 200# & 1.5 bpm. Mix & pump 75 sx of Basic Lite Cement (13.1 ppg w/ 1.89 yield) w/ 2% CaC12 followed w/ 75 sx of Class "C" cmt (14.8 ppg w/ 1.32 yield) w/ 2% CaC12. Pumped cmt through holes in 5 1/2" OD csg from 175' to 270'. Displaced w/ 2.2 BFW to 150' w/ 325# SD pressure.

11/24/10 - After WOC 20 hrs, lower bit & tag cmt @ 150'. RU swivel. Drilled cmt from 150' to 270'. Good firm cmt. Lower bit to 376', circulate hole clean & test 5 1/2" csg w/ 300#. Results = lost from 300# to 170# in 6 min. Has slow leak from 200#. Well will circulate w/ full returns.

11/29/10 - TOH w/ tbg & pkr. Run 4", 11.5#, L-80, 8rd csg w/ turned down collars. Ran 4" weld on float shoe, 1 jt of 4" csg (43.56'), 4" float & 63 jts of 4" csg (total footage = 2,765'). Circulate hole w/ 47 BFW & set guide shoe @ 2,748' w/ float collar @ 2,703'. End of csg @ 2,748'. Mix & pump 85 sx of Basic Lite cmt (13.1 ppg & yield = 1.89), tailed in 25 sx Class "C" cmt (14.8 ppg & yield = 1.32). Displaced w/ 29+ BFW. Plug did not bump. Checked float & held okay. Circulated 20 sx of cmt. Wash up, cut off csg & set slips in WH.

11/30/10 - After WOC 13.5 hours, NUWH & BOP. TIH w/ 3 1/4" tri-cone bit, 6- 2 7/8" OD DC's & 2 3/8" OD tbg. Tag cmt @ 2,566'. RU swivel. Drill cmt from 2,566' - 2,698'. Start drlg on float collar. Raise bit to 2,675' & CWI.

12/1/10 - Lwr bit & drilled out float collar from 2,698' to 2,700'. Drill cmt in btm jt of csg, drill out guide shoe @ 2,748', lower bit & started drlg out composite bridge plug @ 2,750'.

12/2/10 - Lwr bit & resume drlg on composite plug, drill & push from 2750' to 2774' w/ good circ. Drill on same @ 2774' for 1 1/2 hours. Decided to pull bit & run 3 3/8" OD cone buster mill w/ cutrite only on btm of mill. TOH, remove bit & ran tbg w/ DC's & 3 3/8" mill. Milled from 2774' & clean out well bore to TD of 2792'. Circ. hole clean recovering sand & scale. TOH, LD 2 3/8" tbg work string, DC's & mill. Start in hole w/ 2 3/8" OD, 4.7#, 8rd, EUE, J-55 tbg w/ turned down collars & plastic coated 4" model AD-1 tension pkr. CWI.

12/3/10 - Ran a total of 84 jts of 2 3/8" OD, 4.7#, 8rd, EUE, J-55 IPC tbg & 4" Model AD-1 tension pkr, plastic coated. Set pkr @ 2,732' w/ 5' KB. Circ hole w/ pkr fluid, set pkr, NDBOP, NUWH. Pulled 12 pts tension on pkr. Ran OCD required csg integrity test, testing for 30 min w/ pressures from 560# to 570#. Held okay & satisfied the OCD requirements. Witnessed by Maxey Brown w/ the OCD. Original chart is attached. Will connect to injection line & place on wtr injection.

Total tbg = 2725', pkr = 2', KB = 5'

GRAPHIC CONTROLS CORPORATION
BUFFALO, NEW YORK

12/3/2010
BR 2221

RECEIVED

DEC 04 2010

HOBBSUCD

INITIAL TEST
START 560#
FINAL 570#
TIME 32 min
Make Brown
OCD

CELERO ENERGY
WEST CAR QUEEN
SAND UNIT #5
IT 17-14-31
30-005-01097

CELERO
1000#/min
CALIB 11/15/2010
NOON

560#

570#